

SAFE HARBOR – Nicole Shevins

- Good Afternoon. Thank you for joining our conference call to discuss our results for the second quarter of Fiscal Year 2027, ended September 30, 2026. Today's call will be led by Strauss Zelnick, Take-Two's Chairman and Chief Executive Officer, Karl Slatoff, our President, and Lainie Goldstein, our Chief Financial Officer. We will be available to answer your questions during the Q&A session following our prepared remarks.

- Before we begin, I'd like to remind everyone that statements made during this call that are not historical facts are considered forward-looking statements under federal securities laws. These forward-looking statements are based on the beliefs of our management, as well as assumptions made by and information currently available to us. We have no obligation to update these forward-looking statements. Actual operating results may vary significantly from these forward-looking statements based on a variety of factors. These important factors are described in our filings with the SEC, including the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, including the risks summarized in the section entitled "Risk Factors." I'd also like to note that, unless otherwise stated, all numbers we will be discussing today are GAAP and all comparisons are year-over-year. Additional details regarding our actual results and outlook are contained in our press release, including the items that our management uses internally to adjust our GAAP financial results in order to evaluate our operating performance. Our press release also contains a reconciliation of any Non-GAAP financial measure to the most comparable GAAP measure. In addition, we have posted to our website a slide deck that visually presents our results and financial outlook. Our press release and filings with the SEC may be obtained from our website at take2games.com.

- And now, I'll turn the call over to Strauss.

Strauss Zelnick

- Thanks, Nicole. Good afternoon and thank you for joining us today.

- We delivered second quarter Net Bookings of $1.6 billion, which was slightly below our guidance range of $1.62 to $1.67 billion. While *NBA 2K27* launched successfully and achieved the 2nd highest Net Bookings performance in the history of the series, it was below our forecast for the period. Our mobile business performed in line with our

plans, and the *Grand Theft Auto* series exceeded our forecast ahead of next week's eagerly anticipated launch of *Grand Theft Auto VI*.

- We are reiterating our Fiscal 2027 outlook for Net Bookings of $8 to $8.2 billion. Pre-orders for *Grand Theft Auto VI* are tracking far in excess of our initial expectations, and we know that the numbers will speak for themselves soon enough. Our outlook also includes the launches of new mobile and previously-announced sports titles, and growth in Recurrent Consumer Spending for *NBA 2K27* during the second half of our fiscal year, driven by the largest slate of post-launch content in franchise history.

- Turning to highlights from the period:

- *Grand Theft Auto V* continued to expand its audience, and to date, the title has sold nearly 235 million units worldwide. The series grew a double digit percentage for both Recurrent Consumer Spending and average monthly members for GTA+, as players enjoyed the latest major update, *The Kortz Center Heist*, along with monthly events, new races and more. In September, Rockstar Games unveiled nopixel V - the next evolution of *Grand Theft Auto V*'s roleplay community, with an entirely overhauled experience, new locations, and graphic enhancements focused on player immersion. To celebrate the launch throughout the month, players were able to earn exclusive items within *Grand Theft Auto Online* by watching select roleplay streamers on Twitch. Rockstar Games will continue to support *Grand Theft Auto Online* with new content and ongoing events for its vast community.

- *Grand Theft Auto VI*, coming to the world on November 19th, promises to be not only highly engaging, but in fact the biggest and most detailed, groundbreaking experience that Rockstar Games has ever created. As you have undoubtedly seen, marketing for the title is well underway across the globe and has included an extended look at the game, which premiered on Netflix and became the platform's most-viewed title for the week, drawing in 31 million consumers in just its first four days; an array of in-depth features and magazine covers; the reveal of the official soundtrack, which included three tracks that debuted in the Top-10 of their respective Billboard charts; the announcement of a special "Night In Vice City" in partnership with the NBA where the Miami Heat will play as Vice City vs. the Milwaukee Bucks; and a series of unique, in-person activations celebrating Vice City in Miami. We are immensely proud of the team at Rockstar Games for their unparalleled commitment to, and passion for, elevating our art form and all entertainment.

- 2K and Visual Concepts once again delivered the most realistic and authentic NBA experience in interactive entertainment with *NBA 2K27,* which has sold over 4 million units so far. The launch window was unusually busy, with numerous entertainment experiences competing for players' attention. We expect an acceleration of Net Bookings and engagement during the second half of the year, as 2K and Visual Concepts plan to introduce a robust slate of in-game content including exciting, themed Seasons; all-new College Basketball experiences; and innovation within MyTeam.

- During the quarter, *Borderlands 4* offered new downloadable content and introduced several promotions, which are driving improved engagement and player retention. The *Borderlands* franchise has now surpassed 100 million units sold, marking an incredible milestone for Gearbox and 2K. We look forward to even more content for *Borderlands 4* and what lies ahead for the series.

- During the period, 2K released add-on content and updates for *Mafia: The Old Country*, *Sid Meier's Civilization VII*, *PGA TOUR 2K*, and *WWE 2K*, which enhanced gameplay and player engagement further for these titles.

- Mobile performed in line with our expectations, underscoring the importance and impact of our diversified business.
  - As we had anticipated, Net Bookings for *Color Block Jam* decreased double-digits compared to its peak performance during last year's second quarter.
  - Net Bookings for *Toon Blast* grew 4% over last year's record second quarter results, driven by a new in-game feature called BEAM, which assists players while solving puzzles and has been increasing engagement and level progression.
  - *Words With Friends* benefitted from a multi-platform collaboration with the hit TV show, Wheel of Fortune, including a dedicated on-air theme week and in-game puzzles and online events for players, which drove Net Bookings growth of 6%.
  - Our advertising business improved sequentially, as we successfully attract new partners and increase ad yields.
  - 2K's mobile offerings also continued to perform well, with solid downloads and engagement across key titles. *NBA 2K All-Star,* our mobile title in partnership with Tencent in China, surpassed 11 million registered users since launching last year and is yielding strong profit margins.
  - We continue to see strength in our mobile direct-to-consumer channel, which remains a significant driver of revenue and margins as we include new titles, foster direct relationships with players, and reduce payment friction to enhance the user experience and drive repeat purchases. These efforts position our direct-to-consumer platform as a durable and expanding engine for Net Bookings growth and long-term profitability.
  - Looking ahead, Zynga continues to develop and test many new titles, and several look promising based on their initial performance in soft launch, including *Top Goal*.

- We believe that Fiscal 2027 will be an historic year for Take-Two – driven by our unwavering commitment to delivering the highest quality entertainment experiences. Guided by our core pillars – creativity, innovation, and efficiency – we are confident in our ability to build on this incredible year, and to set new benchmarks as we deliver on our plan for long-term success.

- I'd like to express my gratitude to our 13,000 colleagues around the world for their dedication to our common mission and for making our company what it is today – and what we will be tomorrow.

- I'll now turn the call over to Karl.

Karl Slatoff

- Thanks, Strauss.

- I'd like to thank our teams, who do their best work every day in the pursuit of our creative, financial, and operational goals.

- I'll now discuss our recent and upcoming releases:

- On October 8th, 2K and Gearbox released *Risk of Rain 2: Hallowed Concepts,* which introduced two new playable survivors, new regions to explore, and expanded gameplay mechanics to deepen the player experience.

- 2K continued to innovate its mobile offerings for the *NBA 2K* franchise. On October 20th, *NBA 2K Mobile Season 9* launched with new modes that connect in-game action to real-world NBA schedules; a rewind feature that allows players to enjoy historic and iconic NBA moments; and real-time Player vs. Player matches. Additionally, *NBA 2K27 Arcade Edition* made its debut last week, offering WNBA Play Now; new expansion teams; deeper career journeys and progressions; a new 5v5 experience; and exclusive G.O.A.T. skills and rewards.

- On October 28th, 2K and Visual Concepts continued their post-launch content for *WWE 2K26* with the release of *Ringside Pass Season 6* and the standalone *Street Fighter Elite Pack,* which marks our first-ever collaboration with Capcom, and includes signature character moves and themed cosmetic creation parts. 2K also released *Season 13* for *WWE SuperCard* last week, which has now been downloaded nearly 40 million times since its initial launch.

- Firaxis announced new content for *Sid Meier's Civilization VII* for 2027, including *Arc of Tomorrow*, a comprehensive free update extending gameplay into the Atomic Age, and *Earthrise* – the title's first major premium expansion featuring extended core mechanics and space-era progression. These additions will provide players with more ways to "*take one more turn*" in this iconic strategy series.

- In the coming months, 2K will provide updates on *PGA TOUR 2K27* and *WWE 2K27,* both of which are slated to launch later this fiscal year.

- Zynga will continue to focus on enhancing its existing mobile portfolio with bold beats and updates, as well as releasing new titles, including *Top Goal,* which is currently in soft launch.

- It's incredibly exciting to be just days away from Rockstar Games' launch of *Grand Theft Auto VI* and pre-loads are rolling out across the world. This is a defining moment for our company and the entertainment industry, and our teams are proudly supporting this global phenomenon.

- With our robust and diverse long-term product development pipeline, we are well-positioned to capitalize on our many opportunities on the horizon to engage audiences throughout the world.

- I'll now turn the call over to Lainie.

Lainie Goldstein

- Thanks Karl and good afternoon everyone.

- Our second quarter Net Bookings were $1.6 billion, which was modestly below our guidance range of $1.62 to $1.67 billion.
  - Recurrent Consumer Spending was down 9% for the period, compared to our guidance of a 5% decline, driven by *NBA 2K*, and accounted for 81% of Net Bookings. Compared to last year, *NBA 2K* and mobile each decreased, while the *Grand Theft Auto* series was up.

- GAAP net revenue decreased 16% to $1.5 billion, cost of revenue decreased 20% to $637 million, and operating expenses decreased 9% to $978 million.

- On a management basis, operating expenses declined 9% year-over-year. This was favorable to our forecast, due to lower personnel and user acquisition costs.

- Turning to our outlook: We are exceedingly optimistic about the rest of the year and are reiterating our fiscal 2027 Net Bookings outlook range of $8 to $8.2 billion. The launch of *Grand Theft Auto VI* is only ten days away, and the level of pre-orders generated is extraordinary. Additionally, 2K and Visual Concepts plan to deliver the most innovative array of in-game content ever released for *NBA 2K*, which gives us confidence that Recurrent Consumer Spending for the franchise will accelerate during the second half of the year.
  - The largest contributors to Net Bookings are expected to be the *Grand Theft Auto* series, *NBA 2K*, *Toon Blast, Match Factory, Empires & Puzzles, Words with Friends,* the *Red Dead Redemption* series, *Color Block Jam, WWE 2K* and *Zynga Poker.*
  - We continue to expect Recurrent Consumer Spending to be in-line with Fiscal 2026, representing 65% of Net Bookings. This assumes strong growth for the *Grand Theft Auto* series, largely due to our outlook for robust sales of *Grand Theft Auto VI: Ultimate Edition,* which includes add-on content; and high-single digit growth for *NBA 2K*. We continue to expect a decline in mobile, due to last year's success of

Color Block Jam, and our assumption that trends will moderate for several of Zynga's mature mobile titles.
    - We project the Net Bookings breakdown from our labels to be roughly 37% Rockstar Games, 34% Zynga, and 29% 2K.

- We remain on track to deliver Operating Cash Flow in excess of $1 billion, and to be in a Net Cash position by the end of the fiscal year. Our expectation to deploy approximately $290 million of capital expenditures is unchanged.

- We expect GAAP net revenue to range from $7.98 to $8.18 billion, cost of revenue to range from $3.68 to $3.8 billion, and operating expenses to range from $4.08 to $4.1 billion.

- On a management basis, we now expect operating expense growth of approximately 5% year-over-year, which is favorable to our prior forecast, due to lower user acquisition costs, part of which is related to timing. The expense growth compared to last year is primarily driven by marketing for *Grand Theft Auto VI* and higher R&D costs.

- Now, moving onto our guidance for the fiscal third quarter:

- We project Net Bookings to range from $3.35 to $3.5 billion, compared to $1.76 billion in the prior year.
    - The largest contributors to Net Bookings are expected to be the *Grand Theft Auto* series, *NBA 2K*, *Toon Blast, Match Factory, Empires & Puzzles, Words with Friends,* the *Red Dead Redemption* series, *Color Block Jam, Zynga Poker,* and *Toy Blast.*
    - We project Recurrent Consumer Spending to increase by approximately 12%, which assumes significant growth for the *Grand Theft Auto* series, driven by sales of *Grand Theft Auto VI: Ultimate Edition*; growth for *NBA 2K*; and a decline in mobile.

- We expect GAAP net revenue to range from $3.27 to $3.42 billion, cost of revenue to range from $1.65 to $1.73 billion, and operating expenses to range from $1.16 to $1.18 billion.

- On a management basis, operating expenses are expected to grow by approximately 21% year-over-year, which is primarily driven by marketing costs to support the launch of *Grand Theft Auto VI*.

- In closing, we are extremely optimistic about our path ahead, and next week's launch of *Grand Theft Auto VI* is just the beginning. We believe that we can take our core franchises to the next level of success by releasing engaging new content and enhancing our live-service offerings, all while launching new hit titles, expanding our geographic footprint, and pursuing accretive M&A. As we execute this extensive, multi-

faceted strategy to drive growth, we feel confident in our ability to unlock greater earnings power and deliver long-term shareholder value.

- I'd like to thank our talented, passionate colleagues around the world for their hard work and for getting us to this pivotal moment in our multi-year growth story. I'll now turn the call back to Strauss.

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